

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**FILED**

02-28-08

04:59 PM

Application of Pacific Gas and Electric Company  
To Revise Its Electric Marginal Costs, Revenue  
Allocation, and Rate Design. (U 39 M)

Application 06-03-005  
(Filed March 2, 2006)

**COMMENTS OF KINDER MORGAN ENERGY PARTNERS, L.P.**

Donald C. Liddell  
DOUGLASS & LIDDELL  
2928 2<sup>nd</sup> Avenue  
San Diego, California 92103  
Telephone: (619) 993-9096  
Facsimile: (619) 296-4662  
Email: liddell@energyattorney.com

Counsel for  
**KINDER MORGAN ENERGY PARTNERS, L.P.**

February 28, 2008

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company  
To Revise Its Electric Marginal Costs, Revenue  
Allocation, and Rate Design. (U 39 M)

Application 06-03-005  
(Filed March 2, 2006)

**COMMENTS OF KINDER MORGAN ENERGY PARTNERS, L.P.**

In accordance with Assigned Commissioner Rachelle B. Chong’s “Ruling Requesting Comments on Draft Timetable and Rate Guidance and Updating Schedule” issued January 23, 2008 (“Ruling”), and Administrative Law Judge, David K. Fukutome’s Ruling Revising the Procedural Schedule, issued February 6, 2008, Kinder Morgan Energy Partners, L.P. (“Kinder Morgan”) respectfully submits these Comments.

**I. INTRODUCTION.**

Kinder Morgan looks forward to reviewing and commenting on the analysis of straw CPP rate alternatives (“Rate Proposals”) that Pacific Gas & Electric (“PG&E”) has been directed to file with the California Public Utilities Commission (“Commission”) today. Kinder Morgan agrees with the Ruling that the appropriate place to determine the relationship between energy prices and total marginal cost of generation *inter alia* is during consideration of specific tariff designs (Ruling, page 8). Kinder Morgan also appreciates the Commission’s commitment to examine enabling technologies that will encourage customers to take action on timely price signals (Ruling, page 9). Regrettably, however, Kinder Morgan fundamentally disagrees with the direction that the Commission has given to PG&E in Attachments A and B to the Ruling to propose default critical peak pricing (“CPP”) and real time pricing (“RTP”).

## **II. DEFAULT CPP OR RTP TARIFFS SHOULD NOT BE PROPOSED.**

As indicated above, Kinder Morgan is very disappointed to see that the Commission appears prepared to dictate the kind of mandatory, or default, CPP and RTP tariffs that are nearly uniformly opposed by California's business community. Kinder Morgan agrees with the representative position of trade associations representing stated by the Building Owners and Managers Association ("BOMA") in their comments filed with the Commission on October 5, 2007:

"CPP rates have been promoted in California as the silver bullet for avoiding peaking plant construction without any demonstrated effectiveness in providing significant demand response in the short run and/or incentives for consumers to invest in load management and energy efficiency to permanently shift load curves and avoid supply shortfalls in the long term. Ironically, by compromising efficiency and failing to provide incentives for long term charges in load profiles, CPP rates may actually help perpetuate a peaky system load shape.

CPP rates have been discussed and debated in at least three CPUC proceedings during the past three years and have been unanimously opposed by consumer groups participating in the proceedings. The message from this opposition should be clear that CPP is a poorly conceived rate design that should not be a serious candidate for consideration as an appropriate dynamic rate structure for California." (Comments, page 20).<sup>1</sup>

The Commission has expressly acknowledged "... that large C & I customers generally do not support CPP as a default rate." Kinder Morgan has been, and remains, one such customer, and therefore strongly objects at this time to the fact that the Commission has "nevertheless" ordered the utilities to propose default CPP for customers with maximum load of 200 kW and above (Ruling, page 5). Kinder Morgan objects to any CPP or RTP tariff rate that is anything other than voluntary, and thus considers any of the several alternative half measures suggested by the Ruling to be inappropriate. Serious discussion of a timetable or rate design guidance that is premised on a default tariff approach should not be inadmissible at any time.

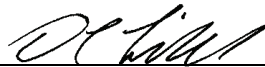
---

<sup>1</sup> See also, Comments of the California Manufacturers Association (pages 6-7), and Comments of the California Large Energy Consumers Association (page 7) filed with the Commission on the same date.

### **III. CONCLUSION.**

For the reasons set forth above, Kinder Morgan urges the Commission to continue with efforts to implement reasonable RTP approaches in voluntary tariffs and encourage enabling technologies that encourage meaningful industry response to price signals. First and foremost, however, the Commission should heed the opinion of California's business community and move beyond the idea of default CPP or RTP tariffs with fresh and creative approaches.

Respectfully submitted,



---

Donald C. Liddell  
DOUGLASS & LIDDELL  
2928 2<sup>nd</sup> Avenue  
San Diego, California 92103  
Telephone: (619) 993-9096  
Facsimile: (619) 296-4662  
Email: liddell@energyattorney.com

Counsel for  
**KINDER MORGAN ENERGY PARTNERS, L.P.**

Date: February 28, 2007

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of ***Comments of Kinder Morgan Energy Partners, L.P.*** on all parties of record in proceeding ***A.06-03-005*** by serving an electronic copy on their email addresses of record and by mailing a properly addressed copy by first-class mail with postage prepaid to each party for whom an email address is not available.

Executed on February 28, 2008, at Woodland Hills, California.

  
\_\_\_\_\_  
Michelle Dangott

## **SERVICE LIST**

### **A.06-03-005**

smindel@knowledgeinenergy.com  
sdbraithwait@caenergy.com  
mbrubaker@consultbai.com  
gtropsa@ice-energy.com  
kjsimonsen@ems-ca.com  
mark.s.martinez@sce.com  
Case.Admin@sce.com  
Jennifer.Shigekawa@sce.com  
russell.worden@sce.com  
CentralFiles@semprautilities.com  
cmanson@semprautilities.com  
KCordova@semprautilities.com  
casner@packetdesign.com  
bruce.foster@sce.com  
hayley@turn.org  
jeanne.sole@sfgov.org  
tburke@sfwater.org  
filings@a-klaw.com  
nes@a-klaw.com  
rosshemphill@fscgroup.com  
stephengeorge@fscgroup.com  
act6@pge.com  
lrn3@pge.com  
rrh3@pge.com  
cem@newsdata.com  
ahmad.faruqui@brattle.com  
info@calseia.org  
wbooth@booth-law.com  
pthompson@summitblue.com

mrw@mrwassoc.com  
wendy@econinsights.com  
tomk@mid.org  
brbarkovich@earthlink.net  
bill@jbsenergy.com  
rmccann@umich.edu  
dgeis@dolphingroup.org  
dcarroll@downeybrand.com  
blaising@braunlegal.com  
karen@klindh.com  
rogerl47@aol.com  
laura.rooke@pgn.com  
agc@cpuc.ca.gov  
am4@cpuc.ca.gov  
bsk@cpuc.ca.gov  
crv@cpuc.ca.gov  
dkf@cpuc.ca.gov  
bsl@cpuc.ca.gov  
dlf@cpuc.ca.gov  
fvr@cpuc.ca.gov  
jef@cpuc.ca.gov  
mgm@cpuc.ca.gov  
nil@cpuc.ca.gov  
wtr@cpuc.ca.gov  
bkb@cpuc.ca.gov  
scr@cpuc.ca.gov  
rwethera@energy.state.ca.us  
liddell@energyattorney.com